

Inta Bina Group Berhad

TP: RM0.42 (+43.1%)
All is Well

Last Traded: RM0.29

BUY (ESG: ★★★)

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Results Review

- INTA's FY23 core earnings of RM23.5mn beat our expectation, accounting for 112.2% of full-year estimates. The positive surprise was mainly driven by higher-than-expected revenue recognition from ongoing construction projects.
- A third interim dividend of 0.5sen/share was declared, bringing the total dividend declare in FY23 to 1.5sen/share. (FY22: 0.75sen/share)
- YoY, FY23 revenue leapt by 39.4% to RM650.1mn, attributed to increasing revenue recognition from construction projects compared to the preceding year. In line with revenue growth, INTA's core PBT more than doubled to a record high of RM32.4mn (FY22: RM14.8mn). Notably, the EBIT margin improved by 2.1ppt, attributed to easing steel bar costs.
- QoQ, 4QFY23 revenue slid 4.6% to RM158.8mn, owing to slower revenue recognition compared to 3QFY23. That said, the core PBT rose to RM10.0mn (+12.9% QoQ), thanks to margin recovery from easing material and labour costs.

Impact

- In line with management's guidance, we have revised our FY24 and FY25 job replenishment assumptions to RM800mn each, up from RM600mn and RM700mn, respectively. Consequently, our FY24 and FY25 earnings projections have increased by 1.3% and 12.4% to RM20.2mn and RM24.5mn, respectively.
- Meanwhile, we introduce FY26F earnings estimates with an earnings growth of 13.8%.

Outlook

- We believe the recovery of the construction sector is anticipated to be accelerated in CY24, driven by the resumption of new residential projects that were previously delayed in FY22 due to unfavourable input costs (i.e. steel bar and labour costs). The potential upswing in the sector is likely to benefit INTA given its proven track record in building high-rise residential projects.
- As of end-December 2023, INTA's unbilled order book stood at c.RM1.0bn, translating to 1.5x FY23 revenue. We also gather that the group targets to secure new contracts worth RM800mn in FY24. This could provide earnings visibility to the group for the next 3 years.

Valuation

- Rolling forward our valuation base year to CY25 earnings, we raise our target price to **RM0.42** (from RM0.34), based on unchanged target PER of 10x. Maintain **Buy** on the stock.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	539.9
Market Cap (RMmn)	156.6
52-wk Hi/Lo (RM)	0.31/0.20
12-mth Avg Daily Vol ('000 shrs)	296.6
Estimated Free Float (%)	21.9
Beta	0.5

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 34.8
Ahmad bin Awi	- 12.5
Lim Ooi Joo	- 9.1
Teo Hock Choon	- 8.8

Forecast Revision

	FY24	FY25
Forecast Revision (%)	1.3	12.4
Net profit (RMmn)	20.2	24.5
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

Financial Indicators

	FY24	FY25
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	3.1	1.1
Price / CFPS (x)	9.3	25.9
ROA (%)	3.8	4.4
NTA/Share (Sen)	30.5	33.7
Price/NTA (x)	0.9	0.9

Scorecard

	% of FY	
vs. TA	112.2	Above
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	0.0	2.7
3 mth	11.5	6.4
6 mth	7.4	7.2
12 mth	18.4	6.2

 (12-Mth) Share Price relative to the **FBMKLCI**


Source: Bloomberg

Table 1: Earnings Summary (RMmn)

FYE Dec (RMmn)	2022	2023	2024F	2025F	2026F
Revenue	466.3	650.1	605.0	675.0	740.0
Gross profit	31.6	52.6	43.6	49.6	54.4
EBITDA	28.5	39.4	42.3	48.5	53.3
EBITDA margin (%)	6.1	6.1	7.0	7.2	7.2
EBIT	16.6	36.4	31.1	37.1	41.9
Reported PBT	13.7	32.1	27.4	33.3	37.9
Core PBT	14.9	32.4	27.4	33.3	37.9
Reported net profit	9.6	23.2	20.2	24.5	27.9
Core profit	10.8	23.5	20.2	24.5	27.9
Core EPS (sen)	2.0	4.3	3.4	4.2	4.7
PER (x)	14.4	6.7	8.5	7.0	6.1
Gross dividend (sen)	0.75	1.50	1.00	1.00	1.00
Dividend yield (%)	2.5	5.2	3.4	3.4	3.4
ROE (%)	7.2	14.6	11.7	12.9	13.3

Table 2: 4QFY23 Results Analysis (RMmn)

FYE Dec	4Q22	3Q23	4Q23	QoQ (%)	YoY (%)	FY22	FY23	YoY (%)
Revenue	122.9	166.4	158.8	(4.6)	29.1	466.3	650.1	39.4
Operating profit	3.7	9.9	10.9	10.3	193.6	16.5	36.4	120.4
Finance cost	(1.1)	(1.5)	(1.4)	8.3	(32.1)	(3.1)	(5.6)	(77.9)
Profit before taxation	2.9	8.8	9.7	9.6	232.5	13.6	32.1	136.2
Core PBT	4.1	8.8	10.0	12.9	141.0	14.8	32.4	118.7
Income tax expense	(1.4)	(2.6)	(2.7)	(5.2)	(99.3)	(4.1)	(9.0)	118.6
Net profit	1.5	6.3	6.8	8.1	367.2	9.5	23.2	143.9
Core net profit	2.7	6.3	7.1	12.8	164.7	10.7	23.5	118.7
Reported EPS (sen)	0.3	1.2	1.2	2.5	348.1	1.8	4.3	139.9
Core EPS (sen)	0.5	1.2	1.3	6.9	153.9	2.0	4.3	115.3
Dividend (sen)	0.3	0.5	0.5	0.0	100.0	0.8	1.5	100.0
Margin (%):								
- Operating	3.0	5.9	6.9	0.9	3.8	3.5	5.6	2.1
- Core PBT	3.4	5.3	6.3	1.0	2.9	3.2	5.0	1.8
- PAT	2.2	3.8	4.5	0.7	2.3	2.3	3.6	1.3
- Effective tax rate	47.4	29.6	28.4	(1.2)	(19.0)	30.1	27.9	(2.2)

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Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.
HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.
SELL : Total return is lower than the required rate of return.
Not Rated: The company is not under coverage. The report is for information only.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	Have yet to set up comprehensive environmental policy but generally in compliance with project environmental requirements.	Gave back to society through scholarship, donation and biweekly gotong-royong campaign.	The board is presented by 55.6% independent directors with 22.0% women directors.	

- ★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.
★★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions.
★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions.
★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient.
★ (<20%) : Minimal or no integration of ESG factors in operations and management.

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As of Tuesday, February 27, 2024, the analyst, Raymond Ng Ing Yeow, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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